

Message Text

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PAGE 01 PARIS 21904 281508Z

56

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 COME-00 FRB-03 SSO-00 EURE-00

NSCE-00 USIE-00 INRE-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

AID-05 EB-07 TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04

SIL-01 OMB-01 STR-04 CEA-01 /092 W

----- 045839

O R 281500Z JUL 76

FM AMEMBASSY PARIS

TO DEPARTMENT OF TREASURY IMMEDIATE

INFO SECSTATE WASHDC 3386

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY LONDON

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

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PASS TO COMMERCE AND FEDERAL RESERVE

E. O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: PARIS FOREX MARKET

1. FRANC CONTINUES TO APPRECIATE IN THIN MARKET
CLOSING AT 4.8955 TO DOLLAR; 1.9025 TO D/MARK;
AND 1.9595 TO SWISS FRANC. NO CHANGE IN MONEY
MARKET RATES. SOME FOREX TRADERS FEEL BANK OF FRANCE
INTERVENING TO ASSIST APPRECIATION. MOST NO LONGER
CONSIDER A 5 TO 1 FRANC/DOLLAR RATE THE SURE BET THAT
THEY DID A WEEK OR EVEN THREE DAYS AGO. ALL REPORT
VERY LITTLE INTEREST IN COVERING FORWARD IN FOREX
MARKET TODAY.

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2. RE SCHWARTZ-DYCHE TELCON, NO CONTACTS HERE BELIEVE THAT CAPITAL GAINS TAX AS SUCH WAS IMPORTANT FACTOR IN RECENT WEAKNESS OF FRENCH FRANC. SOME NOTE THIS WAS DISCOUNTED A LONG TIME AGO. MOST ATTRIBUTE SALES OF FRENCH SECURITIES TO TREND ON BOURSE ITSELF WHICH REFLECTS GENERALLY POOR EARNINGS PERFORMANCE OF FRENCH COMPANIES SINCE 1974 PLUS EXPECTATION THAT FRANC RATE WAS GOING TO DEPRECIATE. BULK OF CONTACTS BELIEVE THAT SALES OF FRENCH SECURITIES WOULD HAVE HAPPENED WHETHER OR NOT CAPITAL GAINS TAX EXISTED. DURING PAST THREE WEEKS NO CONTACT OFFERED CAPITAL GAINS TAX AS A REASON FOR FRANC'S WEAKNESS, AITHOUGH SOME BROKERS AT BOURSE DID ATTRIBUTE GENERAL DECLINE IN SECURITIES PARTLY TO CAPITAL GAINS TAX. ON BALANCE CAPITAL GAINS TAX HAD VERY LITTLE, IF ANYTHING, TO DO WITH RECENT WEAKNESS OF FRENCH FRANC.
GAMMON

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Message Attributes

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Concepts: FOREIGN EXCHANGE, MARKET SURVEYS, CURRENCIES
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Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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EO Systematic Review
04 MAY 2006

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